

Health Employment and Labor

Labor and Employment Law for the Health Care Industry

Healthcare Worker Minimum Wage Increase Put on Hold in Los Angeles and Downey but May Soon Take Effect in Two Other California Cities

By Adam C. Abrahms, Sahar Shiralian & Juan J. Larios Jr. on August 19, 2022



As we **reported**, the Los Angeles City Council approved a new **healthcare worker minimum wage ordinance**, increasing the minimum wage for healthcare workers at private healthcare facilities in Los Angeles to \$25.00 per hour. Similarly, the Downey City Council approved its own citywide **healthcare worker minimum wage ordinance**. For the moment, however, both ordinances are on pause. The Los Angeles ordinance would have

gone into effect on August 13, 2022, and the Downey ordinance would have become effective on August 11, 2022.

On August 10, 2022, two separate referendum petitions were filed with the City of Los Angeles and the City of Downey, respectively. Supported by the “No on the Unequal Pay Measures” group, the petitions seek to stay the ordinances and have the issue decided by voters in their respective cities. The proponents of the petitions stated that they gathered twice as many signatures required to suspend the minimum wage ordinances to hold a public vote on the new minimum wage hikes.

Accordingly, the minimum wage increases are frozen while the respective city clerk offices verify that the petitions contain the required number of valid signatures, which is 40,717 in Los Angeles. Assuming the requisite number of signatures are verified, the issue would be put to a public vote. In Los Angeles, however, if it is determined that there are not enough signatures as required, the ordinance will go into effect upon the city clerk issuing a certificate of insufficiency. In Downey, the ordinance has been automatically stayed pending review of the petition, and the Downey City Council will issue a decision once this process is done.

Should an election be authorized, it would probably not take place until 2024. While it is too late to include the referendums in this year’s fall elections, the “No on the Unequal Pay Measures” campaign stated that pushing for a special election in 2023 would be too costly.

Currently, private-sector healthcare employers (as defined in the ordinances) in Los Angeles and Downey will likely not have to implement the minimum wage increases for their employees, pending review and certification. This should hopefully give healthcare employers significantly more time to plan and, if desired, aggressively campaign against the ordinances.

However, two other California cities, Monterey Park and Long Beach, approved a \$25.00 per hour minimum wage for private-sector healthcare workers in early August. In Monterey Park, the ordinance will become effective 30 days after the city attorney processes the ordinance. In Long Beach, the Long Beach City Council voted unanimously in favor of an ordinance increasing the minimum wage for healthcare workers on August 2, 2022. The first reading of the ordinance by the City Council was on August 9, 2022, and the second

reading took place on August 16, 2022. The Long Beach City Council **approved** the ordinance on August 16, 2022, and, absent a similar citizen referendum petition being filed, the ordinance will become effective on September 16, 2022.

These ordinances are part of a concerted effort of the Service Employees International Union (SEIU). SEIU is currently pushing to pass or put similar ordinances on the ballot throughout California, including in Anaheim, Baldwin Park, Culver City, Duarte, Inglewood, and Lynwood.

What Employers Should Do Now

The impact of such a dramatic change in minimum wages would obviously not only impact employers' finances and financial viability but also wage compression issues (as lower-paid classifications encroach on the wages of higher-skilled or more-tenured employees). Accordingly, looking ahead, private-sector healthcare employers should consider proactively taking the following actions to mitigate the impact of these ordinances:

- Put hiring freezes on vacancies as they occur in any lower-paid positions that earn less than \$25.00 per hour.
- Review and (re)map job classifications to include lower-wage duties in higher-paying job classifications.
- Relocate and/or expand in the future to other local jurisdictions where the local elected officials have not shown a propensity to pass such targeted regulations.
- Discuss and implement automation strategies for certain operations (e.g., adding vending machines).

Health Employment and Labor

EPSTEIN
BECKER
GREEN
